

HOUSE BILL 88

Introduced by Harper

1/06	Introduced
1/06	Referred to Education & Cultural Resources
1/12	Fiscal Note Requested
1/18	Fiscal Note Received
1/20	Fiscal Note Printed
1/23	Hearing
2/15	Tabled in Committee

1 HOUSE BILL NO. 88
 2 INTRODUCED BY Hayes
 3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR THE
 5 DISTRIBUTION OF STATE EQUALIZATION AID TO SCHOOL DISTRICTS
 6 IN FIVE PAYMENTS; AMENDING SECTION 20-9-344, MCA; AND
 7 PROVIDING AN EFFECTIVE DATE."
 8

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10 **Section 1.** Section 20-9-344, MCA, is amended to read:

11 "20-9-344. Purpose of state equalization aid and
 12 duties of the board of public education for distribution --
 13 conditions of first payment. (1) The money available for
 14 state equalization aid shall be distributed and apportioned
 15 to provide an annual minimum operating revenue for the
 16 elementary and high schools in each county, exclusive of
 17 revenues required for debt service and for the payment of
 18 any and all costs and expense incurred in connection with
 19 any adult education program, recreation program, school food
 20 services program, new buildings, new grounds, and
 21 transportation.

22 (2) The board of public education shall administer and
 23 distribute the state equalization aid in the manner and with
 24 the powers and duties provided by law. To this end, the
 25 board of public education shall:

1 (a) adopt policies for regulating the distribution of
 2 state equalization aid in accordance with the provisions of
 3 law and in a manner that would most effectively meet the
 4 financial needs of districts;

5 (b) have the power to require such reports from the
 6 county superintendents, budget boards, county treasurers,
 7 and trustees as it may deem necessary; and

8 (c) order the superintendent of public instruction to
 9 distribute the state equalization aid on the basis of each
 10 district's annual entitlement to such aid as established by
 11 the superintendent of public instruction. In ordering the
 12 distribution of state equalization aid, the board of public
 13 education shall not increase or decrease the state
 14 equalization aid distribution to any district on account of
 15 any difference which may occur during the school fiscal year
 16 between budgeted and actual receipts from any other source
 17 of school revenue.

18 (3) Should a district receive more state equalization
 19 aid than it is entitled to, the county treasurer must return
 20 the overpayment to the state upon the request of the
 21 superintendent of public instruction in the manner
 22 prescribed by the department of commerce.

23 (4) ~~The first payment of state equalization aid must~~
 24 ~~be~~
 25 ~~based on an estimate of 20% of each district's~~

1 entitlement,--and

2 ~~(b)--distributed-by-July-15-of-the-school-fiscal--year-~~

3 State equalization aid shall be paid in five installments
4 that shall be as equal as possible and that shall be
5 distributed to each district by July 15, September 25,
6 January 25, February 25, and March 25 of the fiscal year.
7 Each of the first two payments shall be based on an estimate
8 of 20% of the district's entitlement for the fiscal year,
9 and each of the last three payments shall be one-third of
10 the district's actual remaining entitlement."

11 NEW SECTION. Section 2. Extension of authority. Any
12 existing authority to make rules on the subject of the
13 provisions of [this act] is extended to the provisions of
14 [this act].

15 NEW SECTION. Section 3. Effective date. [This act] is
16 effective July 1, 1989.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB088, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to provide for the distribution of state equalization aid to school districts in five payments; amending Section 20-9-344, MCA; and providing an effective date.

ASSUMPTIONS:

1. This change would require revision of administrative rules at a cost of 1 week staff time and 3 half-days of Board meetings for discussion and actual revision.
2. Interest rates are assumed to be 7.1% in FY90 and 6.8% in FY91.

FISCAL IMPACT:

	<u>FY90</u>			<u>FY91</u>		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
<u>Expenditures:</u>						
Operating Expenses	\$ 550	\$ 3,300	\$ 2,750	\$ 550	\$ 550	\$ -0-
<u>Funding:</u>						
General Fund	\$ 550	\$ 3,300	\$ 2,750	\$ 550	\$ 550	\$ -0-
<u>Revenues:</u>						
General Fund Interest Earnings	\$14,920,000	\$13,429,000	(\$1,491,000)	\$14,282,000	\$12,854,000	(\$1,428,000)

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

This legislation may allow school districts to carry less reserves or issue fewer warrants. However, the financial implications of this aspect *are* not possible to determine without a district by district analysis.

Ray Shackelford 1/18/89
 RAY SHACKLEFORD, BUDGET DIRECTOR DATE
 OFFICE OF BUDGET AND PROGRAM PLANNING

Hal Harper 1/19/89
 HAL HARPER, PRIMARY SPONSOR DATE
 Fiscal Note for HB088, as introduced

HB 88